

# OFFICE OF PUBLIC INSTRUCTION

An Agency Profile Prepared by the  
Legislative Fiscal Division

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# INTRODUCTION

The Superintendent of Public Instruction is an elected official authorized by Article VI, Section 1, of the Montana Constitution. The Office of Public Instruction (OPI) distributes funding to school districts and provides services to Montana's school-age children and to teachers in approximately 400 active school districts. The core processes of the agency include:

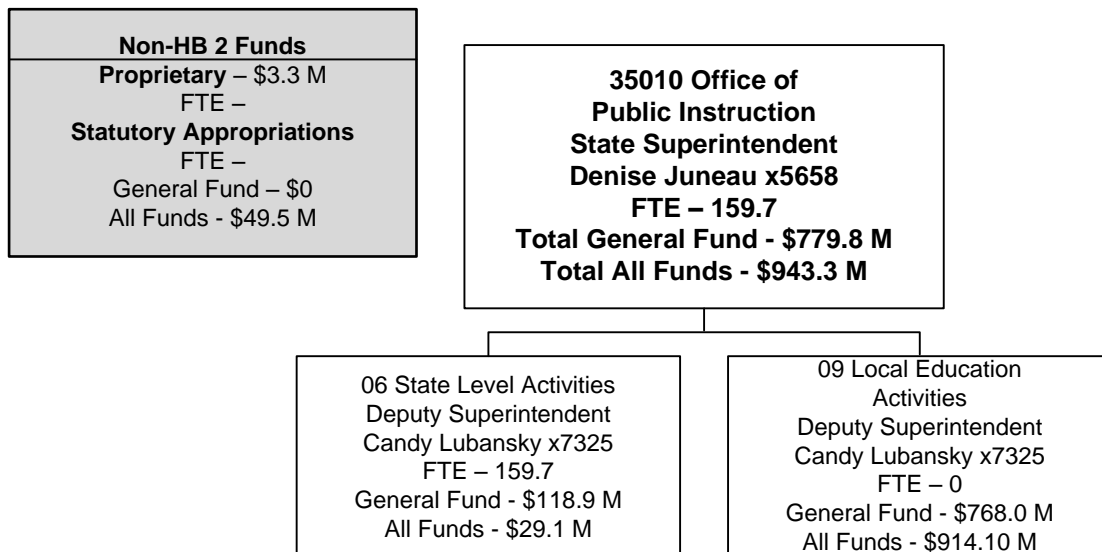
- Licensure of educators,
- accreditation of schools,
- administration of statewide student assessments,
- distribution of state and federal grants/aid to schools,
- collection and reporting of data, and
- dissemination of information about K-12 education.

The superintendent's staff provides technical assistance in planning, implementing, and evaluating educational programs in such areas as:

- Teacher preparation,
- teacher certification,
- school accreditation,
- academic standards and curriculum,
- school finance, and
- school law.

The staff also administers a number of federally funded programs and provides a variety of information services, including the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system.

Below is an organizational chart of the branch, including full-time employee (FTE) numbers and the HB 2 base general fund appropriations and the total of all funds. Unless otherwise noted, all phone extensions are preceded by (406) 444.



## HOW SERVICES ARE PROVIDED

Services are provided through two programs

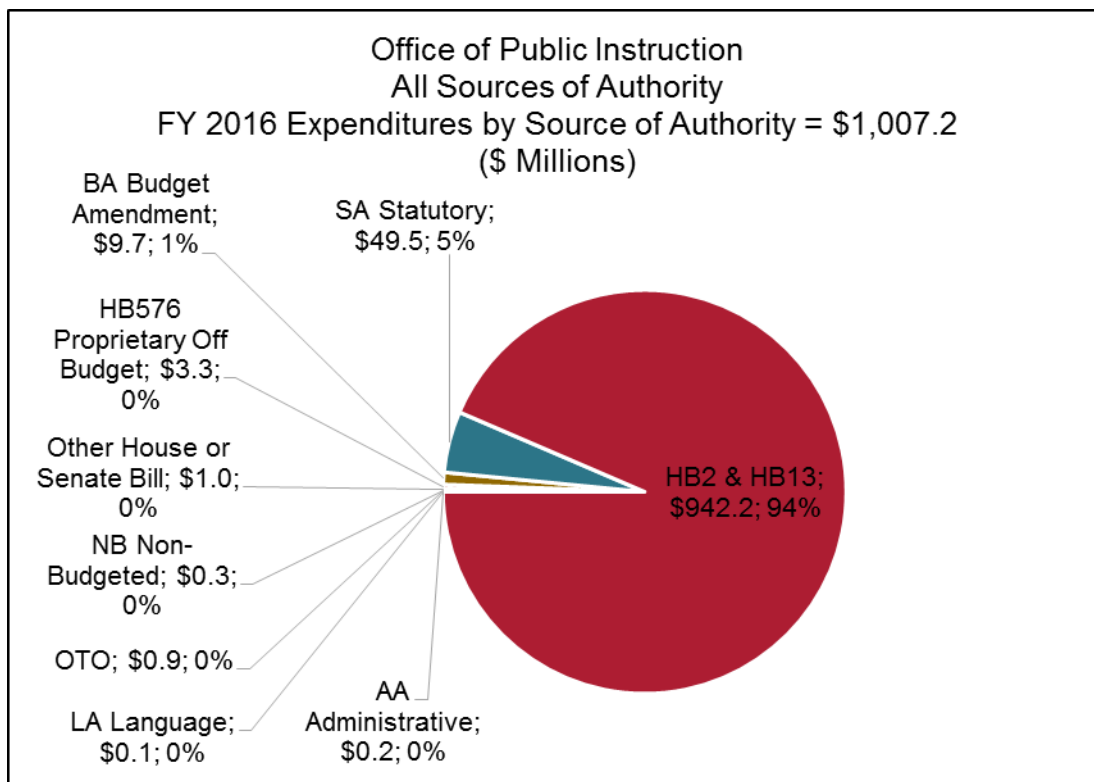
The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. Additionally, the program:

- Supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board;
- is responsible for the distribution and accounting of state and federal funds provided to school districts;
- maintains the information systems necessary to assess student achievement and the quality of Montana's elementary and secondary school system;
- provides assistance and information to school districts and
- administers all federal grants received by OPI, including curriculum assistance, special education, ESEA administration, secondary vocational education administration, and other educational services.

The Local Education Activities Program is used by OPI to distribute state and federal funds to local education agencies.

## Sources of Spending Authority

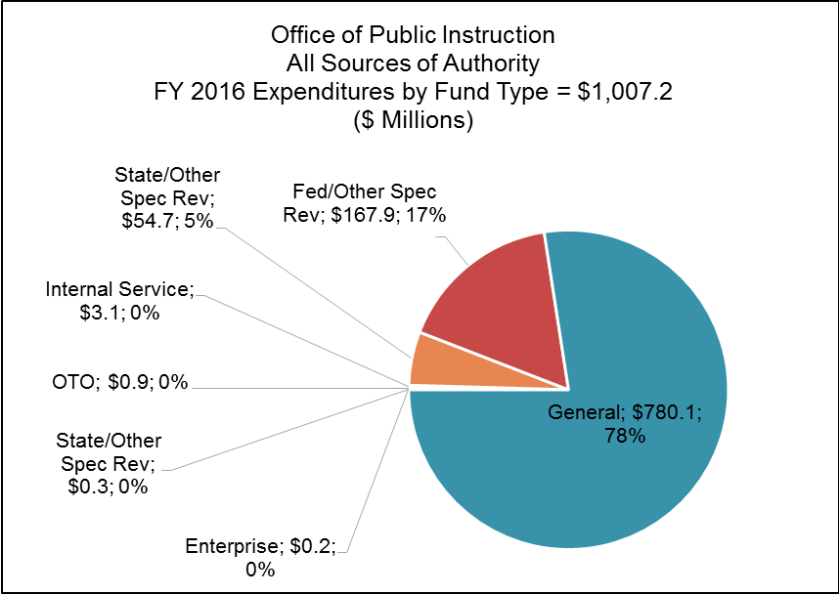
The chart below shows the source of authority for the Board of Public Education that was expended in FY 2016.



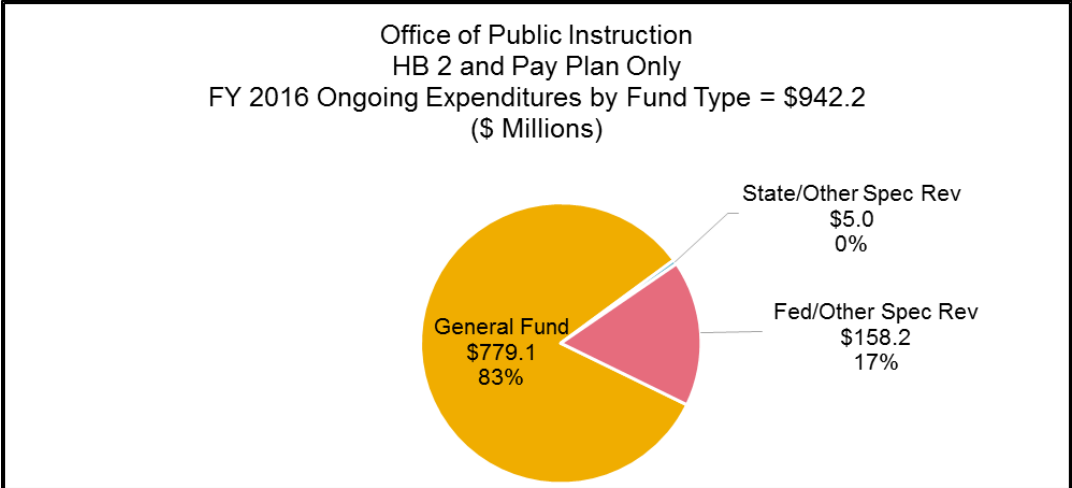
## Funding

The following charts show the agency's funding authority by fund type from all sources. State general fund, appropriated primarily in HB2, is 78% of total funding. Federal funds comprise 17% of the total appropriation for the agency. \$21.3 million, or 12.7% of federal funds, is used within the superintendent's office to administer federal programs, the remaining \$146.6 million, or 87.3%, is passed on to local districts as grants. 86.0% of state special revenue, \$47.1 million, is interest and income from the Guarantee Account, which is statutorily appropriated and distributed to school districts as BASE Aid, and \$4.0 million, or 7.3%, is distributed to local districts for school facilities and technology debt relief.

The chart below shows FY 2016 all actual expenditures by fund type.

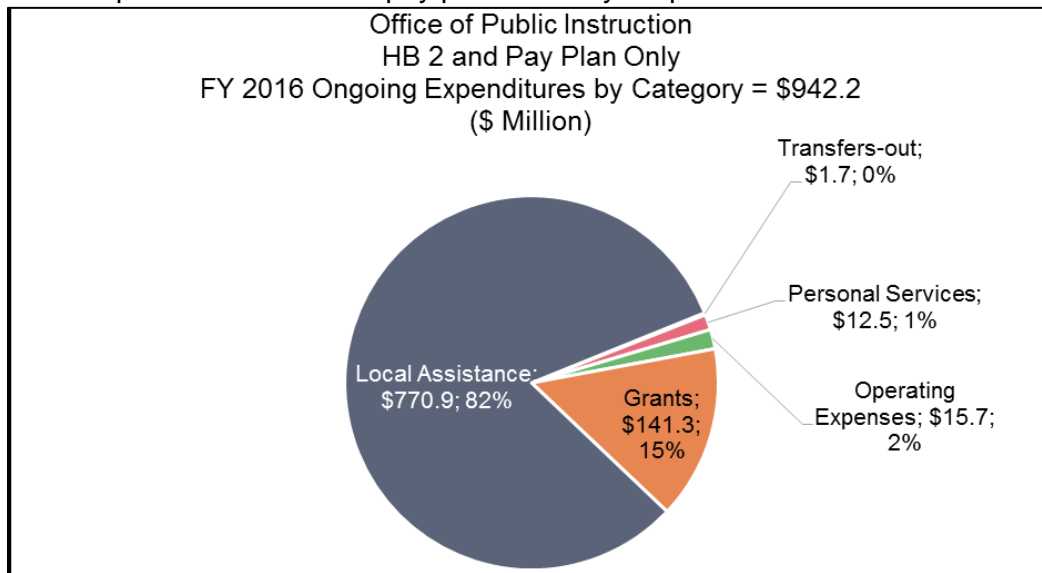


The chart below shows the agency's HB2/pay plan expenditures by fund type.



## Expenditures

The chart below explains how the HB 2/pay plan authority is spent.



## How the 2017 Legislature Can Effect Change

The legislature has the ability to change expenditure levels through the following basic elements that drive costs:

- The legislature sets in statute the formula for the BASE Budget for all school districts and the amount of BASE Aid provided to school districts from state sources.
- The legislature also sets special education appropriations, transportation rates, debt service contributions, retirement contributions.
- The legislature prescribes the number of funds a district may have and may restrict how they are to be used.

The legislature does not have supervision and control over individual school districts. This power is vested in district's schools boards in accordance with Article X, Section 8 of the Montana Constitution.

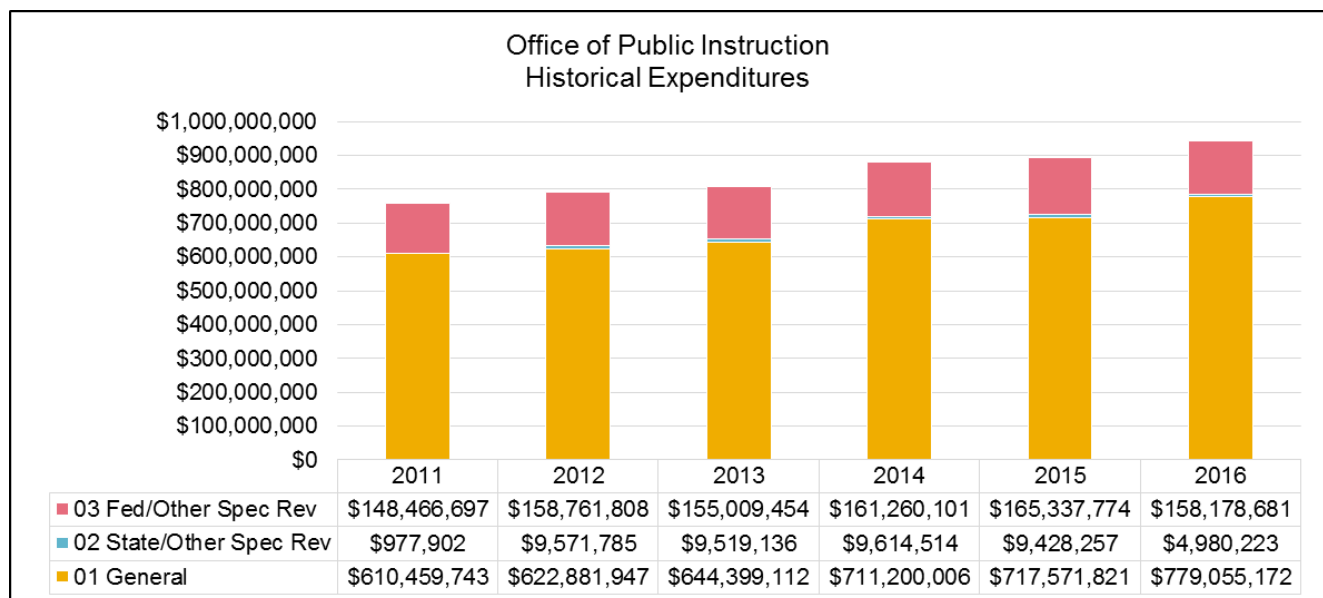
## Major Cost Drivers

The primary cost driver for school funding is enrollment and the amount of funding the state requires to be budgeted for each student.

Major Cost Drivers						
Element	FY 2009	FY 2011	FY 2013	FY 2015	Trend	Significance of Data
Enrollment (ANB)	149,748	147,965	147,709	149,712	↻	Increase in total direct state aid related to enrollment
Spending Per Student	\$9,670	\$10,488	\$10,536	\$11,045	↗	Inflationary and statutory increases in direct state aid per student equates to higher spending per student
Number of Districts	420	417	410	406	↘	Each district is entitled to a basic entitlement; fewer districts mean fewer entitlements.
Quality Educators	12,412	12,416	11,995	12,191	↻	For each quality educator the district is entitled to a quality educator payment
Retirement Contributions (GTB)	\$25.7 Million	\$28.6 Million	\$30.8 Million	\$36.2 Million	↗	Retirement cost for school personnel are paid for by districts out of property taxes, but are subsidized by the state.

## Funding/Expenditure History

Increases in enrollment and changes to the school funding model that increased basic entitlements as well as inflationary increases to state funded components have driven increases in recent years. The chart does not show expenditures from the Guarantee Account. The guarantee account receives revenue generated from common school lands and interest on the Common School Trust account. The Guarantee Account is statutorily appropriated for BASE Aid offsetting the need for general fund appropriations. The Guarantee Account provided about \$43.2 million in FY 2015, and \$48.8 million in FY 2016.



## Major Legislative Changes in the Last Ten Years

The table below shows major school funding bills over the last ten years, with bill number and percent increase in entitlements for each fiscal year:

Legislation Effecting the Elements of School Funding												
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Bill Authorizing Entitlement Change</b>	HB63	HB63	SB1 (SS)	SB1 (SS)	HB676	HB676	SB 329	SB329	SB 175	SB 175	HB 27	HB 27
<b>Basic Entitlements (Per District)</b>												
Elementary	\$20,275	\$20,718	\$21,290	\$21,922	\$22,141	\$22,805	\$23,033	\$23,593	\$40,000	\$40,000	\$50,000	\$50,895
Percent Change	2.1%	2.2%	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	69.5%	0.0%	25.0%	1.8%
Middle School			60,275	62,083	\$62,704	\$64,585	\$65,231	\$66,816	\$80,000	\$80,000	\$100,000	\$101,790
Percent Change			NA	3.0%	1.0%	3.0%	1.0%	2.4%	19.7%	0.0%	25.0%	1.8%
High School	\$225,273	\$230,199	\$236,552	\$243,649	\$246,085	\$253,468	\$256,003	\$262,224	\$290,000	\$290,000	\$300,000	\$305,370
Percent Change	2.1%	2.2%	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	10.6%	0.0%	3.4%	1.8%
<b>Basic Entitlements Increments (Per District)</b>												
Elementary (Each 25 ANB > 250 ANB)									\$2,000	\$2,000	\$2,500	\$2,545
Percent Change									NA	0.0%	25.0%	1.8%
Middle School (Each 45 ANB > 450 ANB)									\$4,000	\$4,000	\$5,000	\$5,090
Percent Change									NA	0.0%	25.0%	1.8%
High School (Each 80 ANB > 800 ANB)									\$12,000	\$12,000	\$15,000	\$15,269
Percent Change									NA	0.0%	25.0%	1.8%
<b>Per ANB Entitlements</b>												
Elementary	\$4,366	\$4,456	\$4,579	\$4,716	\$4,763	\$4,906	\$4,955	\$5,075	\$5,120	\$5,226	\$5,348	\$5,444
Percent Change	8.3%	2.1%	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	0.89%	2.07%	2.3%	1.8%
High School	\$5,584	\$5,704	\$5,861	\$6,037	\$6,097	\$6,280	\$6,343	\$6,497	\$6,555	\$6,691	\$6,847	\$6,970
Percent Change	4.0%	2.1%	2.8%	3.0%	1.0%	3.0%	1.0%	2.4%	0.89%	2.07%	2.3%	1.8%
<b>Quality Educator Payment</b>												
		\$2,000	\$3,036	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,042	\$3,113	\$3,169
			51.8%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	1.8%
<b>At Risk Payment</b>												
	\$5,000,000	\$5,000,000	\$5,000,000	\$1	\$1	\$5,000,000	\$5,000,000	\$5,044,500	\$5,149,426	\$5,269,408	\$5,363,730	
				0.0%	0.0%	-100.0%	0.0%	Large	0.0%	0.9%	2.1%	2.3%
<b>Indian Ed For All Payment</b>												
	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.40	\$20.88	\$21.25
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	1.8%
<b>Data for Achievement</b>												
									\$10.00	\$15.00	\$20.00	\$20.36
										50.0%	33.3%	1.8%
<b>Natural Resource Development Payment</b>												
										\$3,000,000	\$4,900,000	\$8,100,000
											63.3%	65.3%
<b>Indian Achievement Gap Payment</b>												
	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$205	\$209
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	2.0%
Bill and session year: SB424, 2003. HB 63, 2005; HB1, 2005 SS; SB1 2007SS; 2009 HB 676, 2011 SB 329, 2013 SB 175												
In FY 2010 and FY 2011, the basic and per-ANB entitlements were raised by 3% and 3%, but 2% in the first year was OTO.												

Legislative changes in school funding and the fiscal year in which the change took effect.

- FY 2016 – Eliminated the third count for the calculation of ANB.
- FY 2015 - Natural Resource Development payment begins.
- FY 2014 - Instituted a third count for the calculation of ANB and creation of the Data for Achievement payment. Changed in the distribution method of oil and gas revenue to school districts, “concentric circles”.
- FY 2008 - Full time kindergarten begins
- FY 2007 - Creation of the Quality Educator Payment, Indian Education for All payment, Indian Achievement Gap payment, and the At-Risk payment. All state funded.
- FY 2006 - Three year averaging of ANB, Institute an inflation formula for the basic and per ANB entitlements

For more information on this agency, please view their website, here: <http://opi.mt.gov/>